



Should You Buy Bank of Nova Scotia?

Description

Bank of Nova Scotia ([TSX: BNS](#))([NYSE: BNS](#)), also known as Scotiabank, is the third largest bank in Canada by assets and it released fourth-quarter earnings on the morning of December 5, with the results coming in mixed compared to analysts' expectations. The company's stock has responded to the release by falling nearly 2% in the trading session, so let's take a closer look at the results to determine if we should use this weakness as an opportunity to initiate a long-term positions.

Breaking down the quarterly results

Here's a chart of Bank of Nova Scotia's fourth-quarter earnings per share and revenue results compared to what analysts had expected and its results in the year ago period.

Metric	Reported	Expected	Year-Ago
Earnings Per Share	\$1.32	\$1.40	\$1.29
Revenue	\$5.85 billion	\$5.81 billion	\$5.48 billion

Source: *Financial Times*

Bank of Nova Scotia's adjusted earnings per share increased 2.3% and its adjusted revenue increased 6.8% compared to the fourth-quarter of fiscal 2013. These quality results were driven by adjusted net income increasing 1.6% to \$1.70 billion and revenue growth in all four of the company's business segments, including 6% growth in its Canada Banking segment, 7% growth in its International Banking segment, 10.4% growth in its Global Wealth & Insurance segment, and 6% growth in its Global Banking & Markets segment.

Here's a breakdown of six other important statistics and updates from the report:

- Total assets increased 8.3% to \$805.67 billion compared to \$743.64 billion in the year-ago period
- Total loans increased 5.5% to \$424.31 billion compared to \$402.22 billion in the year-ago period
- Total deposits increased 7% to \$554.02 billion compared to \$517.89 billion in the year-ago period
- Assets under management increased 13.3% to \$164.82 billion compared to \$145.47 billion in the

year-ago period

- Return on equity of 14.4% compared to 15.8% in the year ago period
- Book value per share of \$36.96

Should you buy Bank of Nova Scotia today?

Bank of Nova Scotia is the third largest bank in Canada and the ninth largest bank in North America, and the growing demand for its services led it to a solid fourth-quarter performance. However, the company's results came in mixed compared to the expectations of analysts, so its stock has responded by falling nearly 2%.

I think the decline in Bank of Nova Scotia's stock represents one of the best long-term opportunities in the market today, as it now trades at just 1.8 times its book value and less than 11.3 times fiscal 2015's earnings estimates, and it has the added benefit of a 4% dividend yield.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)

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